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Chairman: Mr. MAYCOCK (Barbados)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.20 p.m.

AGENDA ITEM 116: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/45/5 and Corr.1, vols. I, II and III, and Add.1, Add.2 and Corr.1, Add.3-5, Add.6 and Corr.1, Add.7 and Add.8 and Corr.1, A/45/457, A/45/509, A/45/537 and A/45/570 and Corr.1 (English and Russian only))

1. Mr. TRAXLER (Italy), speaking on behalf of the 12 member States of the European Community, said that, at earlier General Assembly sessions, the Twelve had repeatedly had to complain about the late distribution of documents, a problem that was even more serious at the present session, when there were reports on nine main components of the Organization to be examined. The Twelve appreciated the information presented in the documents and the thoroughness with which the Board of Auditors had performed its task, and also the co-operation of the Administrations, but they regretted that delegations had not had more time to examine the information. The incorporation in the reports of the Administrations' comments on the auditors' recommendations and findings was helpful.

2. The whole text of resolution 44/183 should be kept in mind, as it contained the main guidelines for improving the efficiency, effectiveness, management and financial accountability of the United Nations. The rules that should be applied were budgetary discipline, simplification and standardization of procedures. For example, it was necessary to insist on the adoption of strict procedures for recording unliquidated obligations and control of existing liquidity.

3. With regard to the opinion of the Board of Auditors on the United Nations, the first qualification, relating to unpaid assessed contributions, was a matter for serious concern. All Member States must again be urged to demonstrate their commitment to the United Nations by fulfilling their financial obligations under the Charter. The grounds for the second qualification were less clear. They appeared to relate to earlier observations and recommendations by the Board, but since the present report on implementation of the recommendation of the Board and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (A/45/509) was less informative than the previous one, the Twelve would welcome detailed clarification of the areas where earlier recommendations of the Board had not been fully implemented.

4. The Twelve noted with concern from a number of audit reports that expenditure controls in relation to allotments and total appropriations were not being effectively exercised. The utmost care must be taken in estimating expenditure to ensure that it did not exceed allotments and was kept within the limits of the approved budget, which had unfortunately not been the case with the United Nations Institute for Training and Research (UNITAR). Another serious problem was the administration of unliquidated obligations at year end. The organizations should make every possible effort to remedy that situation and should endeavour to obtain audited statements of programme expenditure by executing agents, Governments and non-governmental organizations in good time.

(Mr. Traxler, Italy)

5. In 1989 the Board of Auditors had noted some improvements in the audited statements of UNDP and the United Nations Population Fund (UNFPA). Unfortunately, the proportion of unaudited programme expenditure, namely 77 per cent, remained too high to allow for the expression of an unqualified opinion. The same must be said regarding audit confirmation of Government-executed programme expenditure. In that respect, the Twelve concurred with the opinion expressed by ACABQ in paragraphs 28, 29 and 41 of its report (A/45/570). The same problem seemed to occur in other organizations, including the United Nations Children's Fund (UNICEF), although it was gratifying to note that the audit opinion on that organization was unqualified. The Twelve insisted on clarity as an essential requirement in financial reports. The example quoted by the Board of Auditors concerning an expenditure of over $8 million by UNICEF that had not been disclosed separately because of its distribution to programme expenditure in several countries, was an illustration of the lack of clarity. The Twelve also agreed with the opinion expressed by the Board that no new advances should be granted when there were still significant unspent balances, as seemed to have happened in UNFPA.

6. Aid to refugees and displaced persons was an extremely important issue which should not be obstructed by red tape, although financial information must be properly recorded.

7. The Twelve were grateful to the Board of Auditors for submitting recommendations on administrative questions of general interest and for giving an indication of cases of fraud. In view of the high purposes and principles of the Organization and the provisions governing the employment of staff, the incidence of fraud remained at a disturbing level, and the Twelve shared the Board's views on the deterrent effect of disciplinary action. They hoped that all the organizations in the United Nations system would heed the recommendations of the Board of Auditors on enhancing the transparency of administration and the efficiency of management, and they would welcome the submission of a timetable for remedial action.

8. Mrs. BEAULIEU (Canada) welcomed the fact that, wherever possible, governing bodies had invited a representative of the auditors to their meetings. In that way, the governing bodies would obtain a better understanding of the problems observed by the auditors and would make decisions aimed at serving the interests of all users of the financial statements and reports. The Canadian delegation agreed with the Board's position that its mandate was not to question the policies established by the General Assembly. The Board might not have the necessary expertise and resources to audit the effectiveness of programmes, but it was important for it to endeavour to do so when resources became available. Resources released by the change from annual to biennial audits might be used for that purpose. The Board might also wish to consider asking for advisory assistance from Member States which had experience in that area.

9. With respect to biennial audits, it should be noted that the financial statements of organizations would not be very useful to their users unless they were prepared on a timely basis. Timeliness was one of the key factors for

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(Mrs. Beaulieu, Canada)

information to be useful. In paragraph 11 of resolution 44/183, governing bodies of organizations which were on biennial budget cycles were requested to review the question of the periodicity of audit reports. Her delegation would like to know whether that question had been considered, whether any decisions had been adopted and what had been the major reasons supporting the conclusions reached.

10. Paragraph 23 of resolution 44/183 proposed an audit examination of substantive matters, including management issues, for UNICEF in respect of the first year of each biennium. Now that biennial audits were planned for UNDP and UNFPA, she would like to know what work, if any, was planned for those organizations. Also, she would like to know how the Administration was dealing with the problem of obtaining audited information for government-executed programmes, as a qualification would still exist in the opinions of the Board if proper information for those programmes was unavailable. It would also be useful to know if there had been an improvement regarding co-operation of administrations with internal audit and whether reliance on internal audit had been considered in other areas. For example, internal audit departments might focus their efforts on obtaining evidence in areas that had not been examined in the past or on areas noted as concerns by the Board of Auditors.

11. Her delegation supported ACABQ's recommendation that the General Assembly should request the Panel of External Auditors to commission a study on the development of appropriate accounting principles and standards for consistent application in the United Nations system. One issue that the study should look into was how to involve the Board in comprehensive auditing which would result in observations covering cash management, budgetary controls, management issues relating to the hiring of consultants, project management and award of contracts. One observation which had been common to the United Nations, UNDP, UNEP and UNICEF related to the award of contracts. In one instance, out of 20 purchases verified by the auditors, one half had not been properly authorized. Such weaknesses were likely to result in purchases being more costly than necessary. Another observation common to UNICEF, UNDP and UNFPA had been the advancement of funds without proper review of the status of funds. Those problems could be corrected if proper control procedures were put in place and if disciplinary measures were taken when necessary.

12. Mr. VISLYKH (Union of Soviet Socialist Republics), referring to joint services and common services at the Vienna International Centre, asked how many instances there had been of excessive charges and what had been the approximate total for the biennium. The recommendations of the Board of Auditors in that respect were ambiguous and only mentioned that negotiations were to be conducted with UNIDO and IAEA with regard to cost-sharing ratios. He would like to know whether the negotiations would also cover the question of reimbursement of overcharges since the creation of the Centre, which would only be fair. He wondered whether the Board and the Secretariat considered that it was best to forgive and forget, or whether they considered that an effort should be made to obtain reimbursement.

13. In reply to a question by Mr. GARRIDO (Philippines), the CHAIRMAN said that he would invite the officers of the various bodies to attend the Committee's meetings so that they could answer questions and provide more detailed information.

AGENDA ITEM 124: PATTERN OF CONFERENCES (continued) (A/45/32; A/C.5/45/8 and A/C.5/45/16)

14. Mr. INOMATA (Japan) endorsed the conclusions and recommendations of the Committee on Conferences relating to the control and limitation of documentation, the development of a publications policy and the application of new technology to conference servicing. Conference services, which accounted for more than one fifth of the human and financial resources of the Organization, provided Member States with essential support for the communication on which progress in negotiations on substantive issues depended. The Committee on Conferences had encouraged, and the Secretariat had intensified, co-operation between the substantive departments and conference services in order to ensure effective use of conference resources and timely submission of documents. His delegation noted with appreciation that the development of an internal manual establishing rules and regulations on publications was based on the interdepartmental use of the Documents Recording, Information and Tracking System (DRITS).

15. His delegation fully supported the proposal made by the representative of Iceland, on behalf of the Nordic countries, that the length of reports of subsidiary organs to the General Assembly and reports of the Secretary-General should be limited to 32 pages and 24 pages respectively. The existing rules, which already stipulated such limits, should be strengthened and strictly applied. Isolated efforts by the conference services could not resolve the problems of non-compliance with the rules, and it was urgent that the Secretariat should establish an interdepartmental system of forward planning and monitoring of documentation that would encompass the successive stages of document preparation, so as to make it possible, at all times, to know the exact status of papers in all languages relative to their respective deadlines, and thus be able to intervene when necessary to ensure timely submission of manuscripts within authorized page limits. Accurate information on the volume and status of documentation would allow for improvements to be made in the planning and organization of the process. His delegation looked forward to receiving the proposals of the Secretariat for developing modalities of such interdepartmental co-operation in 1991.

16. His delegation was not of the view that General Assembly resolution 40/243 deprived treaty bodies of the right to meet away from their headquarters, in accordance with the relevant provisions of the treaty concerned. However, in some cases, cost effectiveness could be achieved by having organizations hold meetings in places whose location would facilitate discussion, thus allowing for shorter meetings with less temporary assistance.

17. Mr. TRAXLER (Italy), speaking on behalf of the 12 member States of the European Community, said that the role of the Committee on Conferences and of the Department of Conference Services was very important in that they could help restore the public image of the Organization. There was a need to counter criticisms about waste of resources in the Organization by acting seriously to contain the number and length of meetings and documents.

(Mr. Traxler, Italy)

18. The Twelve realized that efforts were being made to try to satisfy the requests and recommendations made by the General Assembly. They were therefore concerned that the overall utilization factor of conference resources for 1989 was lower than in 1988, and was below the 75 per cent bench-mark set by the Committee on Conferences in 1983, which in itself was too modest. Intergovernmental bodies and subsidiary organs, particularly those having a very low utilization factor, should show maximum restraint when requesting provision for conference services. In many cases, the number of conferences and meetings could be significantly reduced and their duration shortened without negative impact on their substantive work. The Twelve requested the Committee on Conferences to consider necessary measures to achieve that goal. They would like to hear some clarification as to which organs had given satisfactory co-operation to the Committee for the implementation of its decisions and which ones had given less satisfactory co-operation.

19. In view of the cost of publications, there was an urgent need to identify and eliminate publications which were no longer useful, were being duplicated or had a limited impact on users.

20. With regard to the implementation of Recommendation 34 of the Group of 18, he said it was to be hoped that the Secretary-General would invite outside advisers with fresh ideas to determine whether the productivity and efficiency of the Department of Conference Services should be increased still further, as indicated in paragraph 104 of document A/44/222. As for the role of the Committee on Conferences in the implementation of recommendation 34, the Committee had been unable to come up with new recommendations at its most recent session and had confined itself to repeating previous recommendations, which indicated that it had failed to address the problem with new impetus and that the intergovernmental organizations and subsidiary organs had failed to take heed of its previous recommendations. It was regrettable that because of the lack of agreement on a number of issues examined by the Committee, the Fifth Committee had to resolve them; nevertheless, the Twelve stood ready to play their part in that process both officially and unofficially. They asked the Committee on Conferences to spare no effort to monitor the implementation of its recommendations and to insist firmly that all departments, services and units observed the 32-page rule.

21. Mr. HILL (United States of America) thanked the Chairman of the Committee on Conferences for his introductory statement and praised the Department of Conference Services for the work it had done. Although the Committee had achieved more than in past years, it was a matter of concern that it was incapable of taking strong stands on most issues of importance. In 1986 the Group of 18 had approved a number of recommendations intended to strengthen the role of the Committee and had given the Committee a role in monitoring budgetary implications of requests for conference services. Unfortunately, at its forty-third session the General Assembly had denied the Committee such authority, and at its August session the Committee was unable to approve an additional week of meetings for one expert body although prior to 1986 it had had the authority to take such action. Consideration should be given to the need to repeal the restrictions placed on the Committee under General Assembly resolution 43/222 regarding decisions involving budgetary matters.

(Mr. Hill, United States)

22. In the excellent document prepared by the Committee on Conferences concerning rates of utilization of conference services by various United Nations bodies, it was pointed out that many organs underutilized the conference service resources they requested. The least the Committee could do in that respect was to recommend to the General Assembly that it should request those bodies to slash their requests for conference services. If that came to nothing, the Committee should ask the Assembly to take measures to reduce such requests. Any decision taken in that respect should be based on the utilization rates rather than on political decisions. In response to the underutilization of conference resources, the Committee had confined itself, during its August session, to engaging in a long debate on the methods which the Department of Conference Services should use in calculating utilization rates. Instead of that, the Committee should have agreed quickly on a method and spent more time discussing measures to increase the rate of utilization of conference resources. Obviously, because of imperfections in the calculations, measures could not be recommended against organs which only marginally underutilized conference resources, but the Committee could recommend that the General Assembly should reduce by 10 or 15 per cent conference resources allocated to organs which consistently used less than 75 per cent of the resources assigned to them. Although for years some United Nations organs had grossly violated the 32-page rule, the Committee had, at its August session, confined itself to requesting another study on the merits of the rule, asking those organs which had most abused the limit for their views on the problem. With regard to the contempt for Member States shown by many departments of the Secretariat in ignoring the six-week rule, the Committee only noted in its report that delegations were the benificiaries of compliance with the rule.

23. Although it had been affirmed that treaty bodies were not subject to the same rules as other United Nations bodies, the General Assembly should none the less call on the treaty bodies, especially those financed out of the regular budget, to abide by the rules relating to the holding of meetings away from Headquarters. Although the Committee on Conferences had made no recommendation in that respect during its August session, the General Assembly had the right to make such an appeal now, particularly as it would in no way tread on the autonomy of treaty bodies; they would merely be asked to show a spirit of co-operation.

24. Conference servicing absorbed some 20 per cent of the United Nations regular budget, and although his delegation was not asking the Committee on Conferences to make savings on its own without consulting the Fifth Committee or the General Assembly, it believed that the Committee on Conferences should be bolder in proposing tough approaches for saving conference resources. The Committee was at present an impotent body partly because of its own members, and it was past time for it to assert itself.

25. Mr. ZHANG (China) said he basically agreed with the revised calendar of conferences for 1991. In his view, the venues for future meetings of the Commission on Human Rights and the Legal Sub-Committee of the Committee on the Peaceful Uses of Outer Space should be determined on the basis of existing conditions and in an effort to make the best possible use of the resources

(Mr. Zhang, China)

available. Some United Nations bodies had adopted measures to promote the effective use of conference resources. As a result, in recent years the rate of utilization of conference services had been gradually increasing while the time lost had been reduced. In 1981 only 32 per cent of the Committees had had utilization rates higher than 75 per cent at their regular sessions, whereas in 1989 the percentage of committees had jumped to 61 per cent. Moreover, from 1981 to 1989, there had been a marked increase in the number of bodies with very high utilization rates (85-100 per cent), while the percentage of organs with rates below 54 per cent had dropped from 33 per cent to 21 per cent. Those developments had helped to increase the efficiency of the United Nations and to affect greater savings.

26. It was entirely necessary for the Chairman of the Committee on Conferences to address letters to the chairmen of some United Nations bodies which had not fully utilized the conference services made available to them, urging them to adopt measures enabling them to use those services to their best advantage. It should, however, be borne in mind that the items on the agenda of some United Nations organs were highly complicated and sensitive political issues and that for that reason their consideration involved long and arduous consultations. Lack of documentation sometimes constituted another factor which affected the utilization of conference services. His delegation agreed with the proposal contained in the report of the Committee on Conferences that during the next three years a new method of assessing the rates of utilization of conference services should begin to be used on an experimental basis while the old method continued to be applied. At the end of the experimental period, the Committee on Conferences should submit recommendations on the most appropriate methods, taking differences between the various United Nations organs in terms of mandate and working methods into account. In addition, the Member States should exercise restraint in requesting that their communications be circulated as United Nations documents. The Chairman of the Committee on Conferences should also address letters to the chairmen of subsidiary bodies whose reports to the General Assembly exceeded the 32-page limit, discussing ways of keeping that from happening.

27. Moreover, the Secretariat had always had difficulty in abiding by the six-week rule for the submission of documentation. In the case of some intergovernmental bodies, documents were not printed or distributed in time, and that made the work of delegations more difficult. The texts of some documents were not distributed in time in other official languages, and some translations were sloppy or even deviated from the original meaning. All that seriously affected the full participation of delegations in the substantive consideration of items. Sometimes the consideration of certain items had to be postponed or cancelled owing to the lack of documentation. It was therefore extremely important for the Committee on Conferences to reiterate that the Secretariat should abide by the six-week rule for the submission of documentation.

28. In recent years, when the United Nations had been facing a serious financial crisis and there had been a heavy schedule of meetings, the Committee on Conferences, together with the Department of Conference Services, had made some

(Mr. Zhang, China)

progress in the rational organization of conference services. It was to be hoped that the Committee would continue to play a positive role within the framework of resolution 43/222 B.

29. Mr. MERIFIELD (Canada) said that the report of the Committee on Conferences showed that the members of the Committee had given a great deal of thought to improving United Nations services. In that connection, mention should be made of the assistance which the Committee had given the Secretariat in the formulation of the ambitious medium-term plan, the implementation of which would result in superior conference and library services.

30. With regard to the non-utilization of conference services, which was still a problem, instead of blaming the underutilization of resources on the anonymous "Secretariat" or on the chairmen of committees and subsidiary bodies, the Committee on Conferences and delegations should try to determine how to assist the Secretariat in providing the services which the representatives themselves requested. The development of a methodology which would make it possible to determine the level of utilization of services more precisely could only benefit the conference services and representatives, provided that the methodology showed how the resources could be utilized more constructively. Moreover, it was not clear whether the preparation of statistical analyses by the Secretariat was the best method of identifying the cause of the delays or the failure to make efficient use of the services available. Priority should not be given to the calculation of endless series of statistics for the sole purpose of demonstrating that planning had been deficient in the past. The nature of the problem had been clearly identified in the proposed medium-term plan. Even with the best planning, it would never be possible to attain perfection in that area, in which so much was unforeseen, but there was one recent case which should serve as a model for the future: the World Summit for Children.

31. In his delegation's opinion, the Secretariat should be equipped in a way that would not only allow delegations to operate efficiently, but would also ensure that the demands of all users could be met. Many Governments, non-governmental organizations, universities and other bodies expected to be able to consult United Nations documents using modern methods. In an age characterized by the rapid development of information technology, it made no sense for the United Nations to try to achieve savings in that field by using obsolete systems.

32. As for the possibility of penalties and the application of rigid rules, such as prohibiting organs from holding meetings away from Headquarters, the most appropriate approach would be to allow sufficient flexibility so that the services could meet the needs of the various organs.

33. Mr. VISLYKH (Union of Soviet Socialist Republics) said that the main activities of the United Nations, namely the holding of meetings and conferences, had not been interrupted, even during the difficult perdiods through which the Organization had passed, and had maintained a high level of quality. However, his delegation could not say that it was satisfied with the work done by the Committee

(Mr. Vislykh, USSR)

on Conferences during the past year. The report of the Committee gave the impression that it had tried to prevent the introduction of innovations in conference-servicing activities when in reality it should be thinking up new ideas to enhance effectiveness and efficiency in that area. It should be remembered that the Committee was not a permanent body and did not have full powers; it was still awaiting a new mandate and was in the process of expanding.

34. Nevertheless, his delegation found the attention given by the Committee on Conferences to the medium-term plan for the period 1992-1997 satisfactory and it supported approval of the medium-term plan for conference services, on the understanding that a few changes would have to be made.

35. The main problem relating to documentation was that of the quality and timely submission of documents. Unfortunately, the situation was deteriorating and during the current year there had been instances of serious non-compliance with the rule on the timely submission of documents for sessions of the United Nations organs; one instance was the fact that, owing to a lack of documentation, the Committee for Programme and Co-ordination had been unable to analyse a series of very important items on its agenda at its resumed session. That problem was due not to the conference services, but to the substantive departments. The heads of Secretariat units should therefore take the necessary measures to prevent a recurrence of the problem in the future.

36. For the coming year a detailed analysis of the utilization of conference resources was planned. It was to be hoped that that analysis would give priority to the rationalization of conference centres, taking into account the specializations and potential of each. Co-ordination of conference activities throughout the United Nations system should be reviewed in close co-operation with ACABQ and the Administrative Committee on Co-ordination.

37. With regard to the work-load of some conference services, it was unfortunate that the introduction of new technology, which had involved considerable investment, had not resulted in greater productivity and in radical changes, particularly with respect to translation and publications. It appeared from the report of the Secretariat that technological changes had not produced the benefits which Member States had hoped for; that raised the question of the advisability of allocating further resources to the computerization of conference services. A further analysis of that subject should probably be made when the programme budget for the biennium 1992-1993 was considered; the Advisory Committee, in particular, should take on that task.

AGENDA ITEM 123: JOINT INSPECTION UNIT (continued) (A/45/34, A/45/117, A/45/130 and A/45/441)

38. Mr. TRAXLER (Italy), speaking on behalf of the 12 member States of the European Community, said that although he reserved the right to comment on the substance of the reports submitted to the Assembly by the Joint Inspection Unit, when the pertinent items of the agenda were considered, he wished to make special

(Mr. Traxler, Italy)

mention of the report on budgeting in organizations of the United Nations system (A/45/130), whose recommendations deserved careful consideration.

39. The sphere of action of the Unit comprised the majority of the organizations in the United Nations system, as could be gathered from paragraph 2 of General Assembly resolution 44/184. In view of the complexity of the tasks of those organizations, co-ordination was necessary in order to avoid the duplication of activities and the waste of resources.

40. The reforms introduced by the Unit in its operations in order to improve the quality and efficiency of its work represented a considerable advance in the direction indicated by the Assembly in paragraph 3 of resolution 44/184. In that respect, the Twelve wished to stress that the Unit was not a study group dealing with theoretical questions, but an organ whose task was to investigate the workings of the United Nations and its organizations, to point out possible deficiencies and suggest means of remedying them. In other words, the Unit must focus its attention on specific rather than general problems. One of the questions that it might examine was the subsequent application of the process of reform and renewal in the Organization itself. Such an approach would be in line with previous periodic reports of the Unit on decisions relating to the structure of the Secretariat, especially resolution 32/197 which dealt with the economic and social sectors.

41. In the reports and programmes of work of the Unit the expression "study" was frequently used. However, although the study of the problems in question was doubtless necessary, the real aim should be "to move beyond conceptualization" and "deal with the practical ... problems", as stated in the programme of work of the Unit (A/45/117, annex, sect. II, para. 2 (a)). Accordingly, the Twelve noted with satisfaction the efforts made to direct the activities of the Unit towards more specific questions within its sphere of competence, as was clear from the titles of the different reports prepared during the last year or envisaged for the period 1991-1992. It was important to continue to stress that evaluation, according to the General Assembly's definition, was a process which sought to determine in the most systematic and objective manner possible the relevance, the efficiency and the repercussions of an activity in the light of its aims and objectives. The members of the Unit should be well prepared to carry out evaluations of that type and should assign to their recommendations the importance they deserved, especially when they reflected a collective opinion. For that purpose, the subjects of their reports should correspond to the subjects of the programmes of the intergovernmental organs and should be prepared in the light of the timetable of meetings.

42. The Twelve wished to point out once again that the intergovernmental organs themselves should pay due attention to the documents submitted by the Unit and also to the pertinent comments of the secretariats. The persistent difficulties encountered by the Committee for Programme and Co-ordination (CPC) in that respect were perhaps illustrative of the problem and suggested the need for revision. In that way, and in accordance with recommendations 63 and 67 of the Group of 18, which the General Assembly had endorsed in its resolution 41/213 and which it

(Mr. Traxler, Italy)

subsequently confirmed in similar resolutions at later sessions, the important role of the Unit would be intensified and would be respected.

43. Mr. KOULYK (Ukrainian Soviet Socialist Republic) said that as a result of the different resolutions adopted by the General Assembly on its activities, the Unit was devoting particular attention to questions of management, administration and budget. In addition, it must be pointed out, however, that some reports of the Unit had been devoted to questions of secondary importance and that it had not always maintained the level of quality which was to be expected from such competent specialists as the Inspectors. During the present year, for example, of the five reports submitted, only the report on budgeting in the organizations of the United Nations system came within the sphere of competence of the Fifth Committee. The others, although they deserved attention, were of interest only to one or two organizations in the system.

44. The question which concerned the representatives of Governments, who were not specialists, was whether the variety of formats, techniques and methods of preparing budgetary documents provided the necessary transparency and comparability. That problem would occur again when the reports of the Board of Auditors were considered. The report of the Unit on budgeting in the organizations of the system (A/45/130) was a kind of guide to the finances of the United Nations. Its recommendations could help in the development of the budgetary process, although his delegation could not endorse unreservedly all of them. A certain caution was necessary, for example, in dealing with the recommendation that the Organization, which so far had not done so, should establish groups of experts in budgetary, financial and programming questions (paras. 37 and 38). He also had serious reservations regarding recommendations included in paragraph 65 to 70 of the report and regarding the recommendation made in paragraph 80 to the effect that fines should be imposed on Member States which did not pay their contributions in time. In his opinion, in making their recommendations, the Inspectors should take into account their applicability. If not, the recommendations might suffer the same fate as those in the report on technical co-operation between UNDP and ECA (A/42/110) which, according to CPC, were based neither on the facts nor on any kind of relevant argument. As a result, it was decided not to apply the recommendations. He hoped that such cases would not be repeated in the future and that the Unit's reports would be based always on subjects of interest to the whole of the United Nations system.

45. With regard to the programme of the Unit for 1990 and the nucleus of its work programme for 1991-1992 (A/45/117), he noted with satisfaction that it was going to study such important questions as the extrabudgetary resources of the United Nations, the status of internal evaluation in organizations of the United Nations system, staff rotation and the ability of the United Nations system to deal with technology transfer. He also looked forward with keen interest to the review of the role and structure of the Economic Commission for Europe in the context of recent events in the region.

(Mr. Koulyk, Ukrainian SSR)

46. The value of the Unit's reports depended, in the last analysis, on the economies which could be obtained through the application of its recommendations. In that sense, the organization of common services was very important; a serious approach along those lines could give rise to substantial savings.

AGENDA ITEM 125: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/45/11)

47. Mr DUHALT (Mexico) said it was disquieting that the contributions of a number of developed countries had been reduced in recent years and that those of a number of developing countries had increased, while at the same time the economic gap between the two groups of countries had grown wider. In some cases it was difficult for delegations to evaluate on their own merits the methodologies proposed without taking into account the specific consequences which each one of them might have on their respective countries. However, the work of the Committee on Contributions made it possible to establish the bases for advancing towards a system of contributions which properly reflected the ability to pay of each Member State, which constituted the basic criterion for the establishment of assessments.

48. With respect to the low per capita income allowance formula, the Committee on Contributions was proposing in its report (A/45/11) that the upper per capita income level, which had remained at $US 2,200 since 1986, should be raised to $US 2,600. The proposal was a step in the right direction but was insufficient from every point of view. The level proposed by the Committee on Contributions represented an 18 per cent increase over the level established in 1986. However, the rate of inflation of the United States dollar over the same period was estimated at more than 23 per cent, which meant that a per capita income of $US 2,600 in 1992 would be equivalent to an income of $US 2,100 in terms of 1986 dollars. In other words, the increase proposed by the Committee on Contributions represented, in real terms, a reduction of approximately $100 with respect to the per capita income level of 1986. If that trend continued, many developing countries might see themselves deprived of the benefits of the reduction because of an inflationary process occurring outside their economies, even though the rate of growth of their own economies was negative.

49. In the view of his delegation, the per capita income which was the basis for the allowance formula should be updated, on the one hand, on the basis of the rate of inflation of the United States dollar, since that was the currency used in the calculations, and, on the other, on the basis of the rate of growth of the world economy, so as to keep the mitigation criterion in line with economic reality and with the relative capacity to pay of each country. According to the information contained in the World Economic Survey 1990, during the past decade the world economy had grown at a rate of 2.9 per cent, so it could be estimated that between 1986 and 1992 it would have grown by 18.7 per cent. Accordingly, in order to maintain the balance that had existed in 1986, the correct level for the per capita income allowance in 1992 should be over $US 3,220. Otherwise, the assessments of developed countries would continue to decline while those of the developing countries would continue to increase.

(Mr. Duhalt, Mexico)

50. The proposal by the Committee on Contributions that external debt repayment should be taken into consideration as a basic criterion for adjustment was positive since it reflected the efforts being made by the indebted countries to deal with that problem. Nevertheless, that criterion should be further refined so as to dispel certain doubts which arose from a reading of the report of the Committee. For example, it would be necessary to determine whether repayments of the developed countries should be given the same relative weight as those of the developing countries; whether the repayments of countries which were creditors as well as debtors should be considered in the same manner; whether countries whose debt repayments accounted for a substantial portion of their gross domestic product should be treated in the same way as countries whose external payments were proportionally lower.

51. Furthermore, repayment of external debt was not the only factor to be taken into consideration, for the debt burden had compelled many countries to introduce harsh adjustment policies, characterized by cuts in public spending, which had considerably limited the capacity to pay of the Governments of debtor countries. However, that aspect of the external debt problem was not reflected in the income concept proposed by the Committee on Contributions.

52. The Committee on Contributions was recommending a 10-year statistical base period in response to the request by the General Assembly that the methodology should remain stable over time. Nevertheless, in the view of his delegation, the methodology was not determined by the length of the statistical base period, since a long base period could give stability to the contributions of Member States but would not help reflect properly the capacity to pay of each country at the time it paid its contribution. Accordingly, it would be advisable for the Committee on Contributions to continue studying the possibility of establishing a weighted statistical base period which would combine the advantages of a stable level of contributions and would take into account the real capacity to pay of Member States.

53. Mr. ZOEL (France) said that the failure by some Member States to fulfil their obligations under the Charter was placing an unfair additional burden on the remaining States. General Assembly resolution 44/197 reaffirmed three particularly important principles, which were to guide the Committee in its work, namely, that capacity to pay was the fundamental criterion for determining the scale of assessments, that the scale of assessments should be determined on the basis of reliable, verifiable and comparable data and that the methodology for determining the scale of assessments should be simplified as far as possible with a view to making it more transparent and stable.

54. With respect to the various methods proposed for determining the assessments, the criterion of national income appeared to be the clearest and most transparent basis and it should be kept. Account should be taken of an external debt adjustment factor, although it was necessary to be sure that valid data were available on the subject. It would also be a good idea to keep the 10-year statistical base period and to consider the possibility of raising the upper per capita income limit from $2,200 to $2,600. The formula proposed by the

(Mr. Zoel, France)

Committee to establish limits in variations of the assessments seemed equitable. Finally, the question of ad hoc adjustments should be considered with great prudence and such adjustments should be made only on an exceptional basis so as not to violate the norms of clarity and justice.

55. Mr. KARBUCZKY (Hungary) said that the increase in the upper per capita income limit to $2,600 was designed to update the methodology and would result in a redistribution of only 61 points. He agreed with the Committee's recommendation concerning the 10-year base period, although he recognized that a shorter base period would better reflect the capacity to pay of some countries. The illustrations of variations in the ceiling and floor rates were purely theoretical, since any change in those rates would depend on political decisions taken in other forums.

56. His delegation supported the inclusion of the concept of debt-adjusted income in the preparation of the next scale, since that could give a more precise picture of the capacity to pay of Member States. With regard to the most controversial element of the methodology, namely, the scheme of limits, the best way of correcting the distortions it caused would be to abolish it. The alarming increase in points to be redistributed, the scale of distortions the scheme of limits caused in the capacity to pay of certain Member States, its negative impact on other elements of the methodology and the elimination of relief were some of the elements which must be taken into account when considering the scheme. In accepting the recommendation concerning the scheme contained in the report, Hungary hoped that consideration would be given to the situation of Member States which were suffering excessive adverse effects as a result of the scheme and that attention would be given to the fact that the group of Member States with excessive upward distortions consisted exclusively of Eastern European States.

57. With regard to the mitigation process, it was essential to preserve the willingness of some Member States to provide points voluntarily for redistribution. That could be achieved more easily if well-defined criteria were taken into account, such as those recommended in paragraph 42 of the report, which would reduce the need for information meetings and would enhance the credibility of the entire exercise.

58. Mr. DANKWA (Guyana) said that the 10-year base period, the retention of which had been recommended by the Committee on Contributions, met the concern for stability and continuity reflected in General Assembly resolution 44/197 A. A shorter base period would destabilize the scale and give rise to a proliferation of requests for adjustments, which was precisely the opposite of what was being sought.

59. An income concept that did not take account of the discrepancies inherent in exchange rates and internal inflation in the conversion of national and per capita income from local currency to the United States currency risked miscalculating capacity to pay. For that reason, his delegation would have preferred the incorporation of price-adjusted rates of exchange (PARE). It recognized, however, the limitations resulting from a lack of reliable data on almost all Member States

(Mr. Dankwa, Guyana)

and supported in the mean time the continued use of the concept of debt-adjusted income. Furthermore, the deduction of total debt from national income applied to the current scale should not be reduced from 12 per cent.

60. His delegation supported an increase of the upper per capita income limit from $2,200 to $2,600 and the continued application of the current scheme of limits. The scheme responded to short-term fluctuations in average national income and encouraged payment because it helped avoid excessive variations of individual scales of assessment between successive scales. It was hoped that the increase in upper per capita income would obviate the need to continue to address the issue of very low per capita income, which the General Assembly had not defined in precise terms.

61. It was obvious that any change in the ceiling and floor rates would require a political decision; that, however, should not have prevented the Committee on Contributions from at least attempting to find a technical justification for the rates. The time had come to reassign duties and responsibilities in order to enhance the administrative efficiency, financial security and political independence of the Organization. That reassignment should be gradual in order to avoid excessive variations of individual rates of assessment between successive scales. The five point difference used in annex IV could be readjusted downwards.

62. With regard to the representation by Hungary referred to in paragraphs 55 and 56 of the report of the Committee on Contributions, his delegation did not agree with the Committee that the General Assembly was the appropriate channel for submission of recommendations for adjustments in the scheme of limits. Those recommendations should have been considered in the context of the review of the scheme of limits because their incorporation would probably have affected the scheme.

63. Mr. SILGA (Burkina Faso) said that in the case of many developing countries, particularly least developed countries like Burkina Faso, the payment of contributions on time and in full was made more difficult by an increasingly critical economic situation. Although the Committee on Contributions had made commendable efforts to take account of the situation of low-income developing countries, the new methodology for assessing the scale of contributions should reflect real ability to pay; in other words, it should assess specifically the effort made by each Member State to fulfil its financial obligations to the Organization.

64. For reasons of stability, his delegation accepted the 10-year statistical base period and agreed that the upper per capita income limit should be increased to $2,600. Although changing the ceiling and floor rates required a political decision, it should be kept in mind that any increase in the floor rate would impose a greater burden on countries which already had many difficulties in paying their contributions.

(Mr. Silga, Burkina Faso)

65. It was a positive development that the Committee on Contributions had recognized the limitations of the concept of debt-adjusted income and had decided to take appropriate measures to correct it. In that regard, his delegation wished to know to what extent the study by the four organizations referred to in paragraph 31 of the report would be used to establish adjusted income as the base for the next scale of assessments. It was also necessary to obtain a detailed explanation of the concept of income adjusted for sustainable development and, if possible, a comparison of that concept with the one described in paragraphs 29 to 31 of the report, as well as a description of the benefits which the concept would have for the very low per capita income countries.

66. Mr. GARRIDO (Philippines) said that he fully supported the decision of the Committee on Contributions to recommend an increase of the upper per capita income limit to $2,600, maintaining the gradient at 85 per cent and retention of the 10-year statistical base period. Although the use of a shorter period might give a more accurate picture of economic conditions, it increased the variability of the data and their susceptibility to temporary economic fluctuations and sudden market changes. It thus did not provide the stability required for an accurate evaluation of ability to pay. Furthermore, in the course of the review of the statistical base period, it was possible that such adverse developments could reduce ability to pay. For instance, the Philippines trade deficit had been increasing because its imports had been exceeding its exports and because of the increase in the price of oil. The earthquake that had occurred on 16 July 1990, causing damage amounting to $500 million, was another factor that had adversely affected the ability of the Philippines to pay its contribution to the United Nations. As if that had not been enough, the earthquake had caused severe typhoons and landslides. As a result, the country's economic growth rate, which had been projected earlier in the year at 6 per cent, had been reduced to only 2 per cent.

67. The Philippines supported the decision of the Committee on Conferences to recommend the retention of the existing scheme of limits and to use the ad hoc adjustment process as a means of providing relief to countries that experienced excessive adverse effects resulting from shortcomings in the assessment methodology. It also supported the decision to recommend utilization of the debt-adjusted income concept. Despite its limitations, it was an improvement over the estimated debt adjustment factors that had been previously applied. Although it was difficult to establish a direct link between the effect of foreign debt and the ability of Member States to pay, that should not prevent the Committee on Contributions from adjusting more accurately the assessments for the 1990-1992 scale and, if necessary, resorting to the mitigation process to provide adequate relief, particularly to Member States with a lesser ability to pay.

68. Mr. CIVELEK (Turkey) said that his delegation agreed in general with the decisions and recommendations of the Committee on Contributions. In particular, it supported the recommendation that the upper per capita income limit should be increased to $2,600, while the gradient should be maintained at the level of 85 per cent, and that the 10-year base period for the scale of assessments should be retained.

(Mr. Civelek, Turkey)

69. On the other hand, although the difficulties concerning the possible changes in the ceiling and floor rates should be recognized, the current scheme of limits, despite its shortcomings, should be retained in order to avoid excessive variations between successive scales. His delegation also agreed with the use of the debt-adjusted income concept and the use of IMF market exchange rates for the preparation of the next scale of assessments.

The meeting rose at 6 p.m.